<u>IN THE CLAIMS</u>:

Please amend Claims 1-3, 5-10, 14, and 16, as indicated below. The following is a complete listing of claims and replaces all prior versions and listings of claims in the present application:

Claim 1 (currently amended): An image processing method of generating a display image of a virtual space including a virtual object consisting of at least one part, comprising:

a first acquisition step of acquiring a position and <u>an</u> orientation of a viewpoint of an observer;

a second acquisition step of acquiring a position and <u>an</u> orientation of a pointing device;

<u>a specification step of specifying a part that is included in a virtual object and is designated by the pointing device, based on positions of one or more parts included in the virtual object and the position and the orientation of the pointing device;</u>

a calculation step of calculating a position of a list image in the virtual space based on the positions of the viewpoint and the pointing device, wherein the calculated position of the list image is near the position of the pointing device and closer to the position of the viewpoint than that of the pointing device, wherein the list image represents ~~a list of pieces of information about one or more parts, included the virtual object, near the position of the pointing device~~ <u>information of the specified part</u>;

a layout step of laying out the list image at the calculated position in [[the]] <u>a</u> virtual space;

a virtual space image generation step of generating [[the]] <u>a</u> display image of the virtual

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space, in which the laid out list image and the virtual object are included, <u>based</u> on ~~the basis of~~

the acquired position and orientation of the viewpoint; and

       a composition step of composing the generated display image of the virtual space and an

image of a physical space seen in accordance with the position and <u>the</u> orientation of the

viewpoint to display the composed image at a head mounted display mounted on the observer's

head.

Claim 2 (currently amended): The method according to Claim 1, wherein, in the layout step, the

list image is laid out at the orientation of the viewpoint.

Claim 3 (currently amended): The method according to Claim 1, wherein, in the calculation step,

the position of the list image is calculated to be a position that internally divides a line segment

connecting ~~between the positions~~ <u>the position</u> of the viewpoint and <u>the position of</u> the pointing

device.

Claim 4 (cancelled).

Claim 5 (currently amended): The method according to Claim 1, ~~characterized by~~ further

comprising a conversion step of converting the list image into a semitransparent image in

accordance with an instruction to change the list image to the semitransparent image.

Claim 6 (currently amended): The method according to claim 1, ~~characterized by~~ further

comprising:

a determination step of determining based on ~~the basis of~~ the position and the orientation of the viewpoint and a position of the virtual object whether the virtual object is present in a direction of line of sight of the viewpoint[,]; and

a transparency control step of, when it is determined in the determination step that the virtual object is present, making a transparency of the list image higher than that when it is determined in the determination step that the virtual object is not present.

Claim 7 (currently amended): The method according to Claim 1, ~~characterized by~~ further comprising:

a distance calculation step of calculating a distance between the position of the pointing device and [[the]] a position of the virtual object[[,]]; and

a list image generation step of generating the list image to display [[the]] a list of pieces of information about [[the]] parts up to a layer level corresponding to the distance calculated in the distance calculation step in a hierarchical structure of the parts included in the virtual object.

Claim 8 (currently amended): The method according to Claim 1, ~~characterized in that~~ wherein the specification step includes specifying a part at a position closest to the position of the pointing device acquired in the second acquisition step, and the list image is an image to display a list of pieces of information about~~, of the parts included in the virtual object, a part at a~~ the specified part at the position closest to the position of the pointing device acquired in the second acquisition step.

Claim 9 (currently amended): The method according to Claim 1, ~~characterized in that~~ wherein, in the virtual space image generation step, when the list image overlaps a hand region in the image of the physical space ~~image acquired in the physical space image acquisition step~~, the image of the virtual space is generated based on ~~the basis of~~ priority data to designate which of the hand region and the list image should be rendered in front.

Claim 10 (currently amended): The method according to Claim 9, ~~characterized by~~ further comprising a designation step of designating which of the hand region and the list image should be rendered in front, wherein, in the designation step, designated contents are set to the priority data.

Claims 11-13 (cancelled).

Claim 14 (currently amended): An image processing apparatus [[of]] for generating a display image of a virtual space including a virtual object consisting of at least one part, comprising:

a first acquisition unit adapted to acquire a position and an orientation of a viewpoint of an observer;

a second acquisition unit adapted to acquire a position and an orientation of a pointing device;

a specification unit of specifying a part that is included in a virtual object and is designated by the pointing device, based on positions of one or more parts included in the virtual object and the position and the orientation of the pointing device;

a calculation unit for calculating a position of a list image in [[the]] a virtual space based on the positions of the viewpoint and the pointing device, wherein the calculated position of the list image is near the position of the pointing device and closer to the position of the viewpoint than that of the pointing device, wherein the list image represents a list of pieces of information about one or more parts, included the virtual object, near the position of the pointing device;

a layout unit adapted to lay out the list image at the calculated position in the virtual space;

a virtual space image generation unit adapted to generate [[the]] a display image of the virtual space, in which the laid out list image and the virtual object are included, based on the basis of the acquired position and the orientation of the viewpoint; and

a composition unit for composing the generated display image of the virtual space and an image of a physical space seen in accordance with the position and the orientation of the viewpoint to display the composed image at a head mounted display mounted on the observer's head.

Claim 15 (cancelled).

Claim 16 (currently amended): A non-transient computer-readable storage medium having a program stored therein, said program being characterized by causing a computer to execute an image processing method of Claim 1 that when executed by a computer causes the computer to perform an image processing method of generating a display image of a virtual space including a virtual object consisting of at least one part, the method comprising:

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a first acquisition step of acquiring a position and an orientation of a viewpoint of an observer;

a second acquisition step of acquiring a position and an orientation of a pointing device;

a specification step of specifying a part that is included in a virtual object and is designated by the pointing device, based on positions of one or more parts included in the virtual object and the position and the orientation of the pointing device;

a calculation step of calculating a position of a list image in the virtual space based on the positions of the viewpoint and the pointing device, wherein the calculated position of the list image is near the position of the pointing device and closer to the position of the viewpoint than that of the pointing device, wherein the list image represents information of the specified part;

a layout step of laying out the list image at the calculated position in a virtual space;

a virtual space image generation step of generating a display image of the virtual space, in which the laid out list image and the virtual object are included, based on the acquired position and orientation of the viewpoint; and

a composition step of composing the generated display image of the virtual space and an image of a physical space seen in accordance with the position and the orientation of the viewpoint to display the composed image at a head mounted display mounted on the observer's head.

Claim 17 (cancelled).